



***Program Compliance Office
California Student Opportunity & Access Program
Review Report***

2001-02 Award Year

**San Francisco Consortium
Program Review ID#60400200013**

**1680 Post Street, Suite E
San Francisco, CA 94115**

Program Review Date: January 26 – 29, 2004

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AUDITOR'S REPORT

SUMMARY

We reviewed San Francisco Consortium's administration of California Student Aid Commission (Commission) California Student Opportunity & Access Program (Cal-SOAP) for the 2001-02 award year.

The consortium's records disclosed the following:

- Consortium By-Laws Not Implemented
- Non-Compliance With State Travel and Per Diem Schedule
- In-Kind Contribution Not Reported to the Commission
- Final In-Kind Amounts Not Documented and Reported to the Commission
- Equipment Not Reported and Accounted for on Commission "Equipment Inventory Report"
- Inappropriate Expenses Made by the Consortium
- Unallowable Expenses Made by the Consortium

BACKGROUND

Through consortium compliance reviews, the administration of the Cal-SOAP program is evaluated to ensure program integrity with applicable laws, policies, contracts and consortium agreements.

The following information, obtained from the consortium and Commission database, is provided as background on the consortium:

A. Consortium

- | | |
|--|---------------------------------------|
| • Type of Organization: | Private, Non-profit |
| • Project Director: | Emalyn Lopus |
| • Board Chairperson: | Cedric Brown |
| • Fiscal Agent: | Jean Ijichi |
| • Membership: | City College of San Francisco |
| Department of Children, Youth and Their Families | Japanese Community Youth Council |
| Official College Access Center | Richmond District Neighborhood Center |
| Library | |
| Richmond Village Beacon | San Francisco Public Library |
| San Francisco State University | San Francisco Unified School District |
| Talent Search TRIO Program | The Level Paying Field Institute |
| University of California, San Francisco | University of San Francisco |

B. Consortium Persons Contacted

- | | |
|-----------------------------|---------------|
| • Project Director: | Emalyn Lopus |
| • Associate Director: | Melita Noel |
| • Administrative Assistant: | Robert Chlala |
| • Executive Director: | Jon Osaki |
| • Consortium Chair: | Cedric Brown |
| • Consortium Vice-Chair: | Diane Gray |
| • Fiscal Agent: | Jean Ijichi |
| • Commissioner: | Charles Moore |

AUDITOR'S REPORT (continued)

BACKGROUND (continued)

C. Project Information

- Date of Prior Commission Program Review: None
- Size of Student population in the service area: 58,000
- Number of Students Served
 - General: 1,056
 - Intensive: 1,212
- Cal-SOAP Programs:
 - SAT I/11 Test Prep Workshop "I Am Going To College"
 - College Campus Visits Summer Program
 - "The College View" Peer Advising/Tutoring
 - Educational Fairs

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the consortium adequately administered the Cal-SOAP program and that they are in compliance with applicable laws, policies, contracts and consortium agreements.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Program Eligibility
- C. Completion of Reports
- D. File Maintenance and Records Retention
- E. Review of Administrative and Accounting Controls

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that Cal-SOAP funds received by the consortium are secure.
- Administration systems have adequate controls to ensure that Cal-SOAP payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedure performed in conducting the review included:

- Evaluation of the current administrative procedures through interviews and reviews of records, forms and procedures.
- Evaluation of the current payment procedures through interviews and reviews of records, forms and procedures.
- Reviewing of the records and payment transactions from a sample of Cal-SOAP student tutors within the review period. The program review sample was selected from the total population.
- Reviewing of the records and payment transactions from a sample of Cal-SOAP expenditures within the review period. The program review sample was selected from the total population.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY**
(continued)

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Cal-SOAP funds were administered according to the applicable laws, policies, contracts and consortium agreements. Accordingly, transactions were examined on a test basis to determine whether Cal-SOAP funds were expended in an eligible manner. The auditor considered the consortium's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the consortium's administration of the Cal-SOAP program.

CONCLUSION

In conclusion, except for the issues described in the Findings and Required Actions section of this report, the consortium administered the Commission Cal-SOAP program in accordance with the applicable laws, policies, contracts and consortium agreements as they pertain to the Commission's Cal-SOAP program.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on January 29, 2004.

January 29, 2004

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL ELIGIBILITY:

FINDING: Consortium By-Laws Not Implemented

A review of the consortium's minutes revealed that the consortium's by-laws were not properly applied.

DISCUSSION:

State law specifies that each project shall be operated through a consortium that involves at least one secondary school district, at least one four-year college or university, at least one community college, and least one the following agencies: 1) a non-profit educational, counseling, or community agency, or 2) a private, accredited vocational or technical school. The governing board of each project is comprised of at least one representative from each participating Consortium institution.

The governing board of each project shall establish a set of by-laws to define the operation of the consortium. It is necessary that the by-laws reflect the current practices.

In order to measure the consortium's performance, it is necessary to analyze the adequacy and enforcement of established internal controls for safeguarding the operational and fiscal integrity of the Cal-SOAP program. A routine procedure of the compliance review is to examine the consortium's by-laws.

Section I.F. of the Consortium's by-laws states, "The Consortium shall consist of designated representatives from at least one of each of the following:

- 1) A four-year college or university.
- 2) A community college.
- 3) A non-profit educational, counseling, or community agency OR a private vocational or technical school accredited by a national, state, or regional accrediting association recognized by the United States Department of Education.
- 4) The San Francisco Unified School District
- 5) The San Francisco Public Library

Each organization, institution, or program represented in the Consortium shall hold only one position and only one vote during Consortium quarterly meetings.

Furthermore, the by-laws indicate that, "Failure of a position to be represented regularly at Consortium meetings may result in the termination of that position. Unexcused absence from a total of three (3) meetings throughout the year will constitute a voluntary resignation of the position. Before a position is terminated, the following procedures shall be followed:

FINDINGS AND REQUIRED ACTIONS (continued)

A notice shall be sent by pre-paid first class or registered mail to the most recent address of the member as shown within SFCAC's records, setting forth the action to be taken, the reasons for the action, and the date and time the termination will be effective. The termination shall be effective fifteen (15) days after the notice has been sent.

A review of the Consortium's 2001-02 members and quarterly meetings revealed that the representative from the San Francisco Unified School District did not attend any of the quarterly meetings during the 2001-02 award period. It was also disclosed that the consortium failed to terminate the San Francisco Unified School District member as outlined in the consortium's by-laws.

During the on-site review, consortium staff indicated that a new representative from the San Francisco Unified School District has been appointed and has consistently attended the consortium's quarterly meetings.

REFERENCES:

Education Code 69561(f)
San Francisco By-Laws

REQUIRED ACTION:

The San Francisco Consortium is required to submit written policies and procedures that will be implemented to ensure compliance with the Consortium's by-laws.

CONSORTIUM RESPONSE:

Corrective measures have been implemented since FY 2001-02.

- 1) At the October 24, 2003 consortium meeting, Ms. Diane Gray, was voted in as the new San Francisco Unified School District representative and Vice-Chair of the SF Cal-SOAP Consortium.
- 2) On July 22, 2004, the SF Cal-SOAP Consortium voted to amend its by-laws. Section 2 of our by-laws addresses procedures regarding termination and reinstatement of consortium members. These by-laws comply with the draft document of the Cal-SOAP Policies and Requirements Manual.

AUDITORS REPLY:

The consortium's action is deemed acceptable.

FINDINGS AND REQUIRED ACTIONS (continued)

C. COMPLETION OF REPORTS

FINDING 1: All In-Kind Contribution from Members Were Not Reported

A review of the consortium's accounting documents and discussions with staff revealed that in-kind contribution funds were not reported to the Commission for the 2001-02 award year.

DISCUSSION:

Income for the Cal-SOAP projects comes from government sources and matching funds committed by federal, state, local or private resources. Current law requires the consortium to provide matching resources equal to state funding. The stated goal for the program is that the total resources provided by the Student Opportunity and Access Program shall match state funding on at least a 1.5 to 1 ratio.

Matching funds, which must be least equal in any project to the state allocation for the project, represent either dollar amounts, or their equivalent, which consortium members or other supporting institutions pledge on a document (Form A). These funds can include any of the following:

1. cash used for general project operations;
2. work-study or similar funds under the control of institutions available for projects operations; or
3. donation of time, space, service, etc., for which the consortium would otherwise be obligated for cash in carrying out the work of its project.

Funds used as matching should meet the following criteria:

- should be directed at Cal-SOAP eligible students,
- should meet one of the three criteria of Cal-SOAP law, and
- should be related to the mission and activities of the Cal-SOAP project.

Each consortium, through its Project Director, is expected to systematically account for the receipt and expenditure of matching funds provided by supporting institutions. Matching funds constitutes an integral part of each project's operation and its fiscal reporting to the Commission.

A review of the consortium's accounting documents and discussion with staff revealed that the consortium failed to report matching funds from all entities in it's consortium to the Commission. Listed below are the unreported contributors and their respective amounts:

Name of Institution/Organization	Type	Amount
EdFund	Cash	\$ 1,905.88
Chela	Cash	\$ 1,905.88
Community Educational Services	Tutor Services	\$14,325.00
Visitacion Valley Community Beacon	Tutor Services	\$ 9,360.00
TOTAL CONTRIBUTION AMOUNT		\$27,496.76

FINDINGS AND REQUIRED ACTIONS (continued)

During the on-site review, consortium staff was reminded of the importance of reporting all eligible in-kind contributions to the Commission as it provides for accurate reporting and it increase the marching resource ratio.

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Program Operations Handbook, 12/6/96, Section 4, pages 22 & 24
Cal-SOAP Program Operations Handbook, 10/01, Section 2, pages 2 - 4

REQUIRED ACTIONS:

In response to this finding, the Consortium is required to submit a quality control measures that will be implemented to ensure that all eligible matching funds are documented and reported to the Commission as required.

CONSORTIUM RESPONSE:

Continual refinement of the calculations used to report in-kind contributions by all consortium members has been taking place since the contract year 2001-02. The SF Cal-SOAP Consortium has developed the following quality control measures to ensure that all eligible matching funds will be documented and reported to the Commission as required. These measures include:

- On a quarterly basis, the SF Cal-SOAP administrative staff (project director, associate director and program assistant) will monitor matching funds from all its entities. This includes: 1) in-kind services rendered by consortium members, and 2) grant awards from foundations.
- The Consortium Chair will reinforce the importance of completing the in-kind forms at the Fall (estimated September) and Spring (estimated March) meetings.
- The project director will be responsible for ensuring that Form A's will be completed and submitted by all consortium members.

The SF Cal-SOAP Consortium understands the importance of reporting all contributions in order to document accurate amounts that would ensure that a 1.5:1 or higher matching ratio is achieved each contract year.

AUDITORS REPLY:

The consortium's action is deemed acceptable.

FINDINGS AND REQUIRED ACTIONS (continued)

C. COMPLETION OF REPORTS:

FINDING 2: Actual In-Kind Match Not Properly Documented

A review of 4 consortium member's in-kind match documentation revealed the respective institutions did not have detailed documentation of the in-kind contribution amounts.

DISCUSSION:

State law requires a matching contribution of local resources for each Cal-SOAP project at a 1:1 ratio. The goal, however, is for the projects to attain a 1:1.5 ratio. Each consortium, through its Project Director, is expected to systematically account for the receipt and expenditure of matching funds provided by supporting institutions. The expenditure of matching funds constitutes an integral part of each project's operation and its fiscal reporting to the Commission. "In-Kind" funds, which are not included in a project's expenditure budget, are to be accounted for in a reasonable manner and reported to the Commission.

A review of 4 consortium members in-kind match documentation revealed that the consortium members did not document their in-kind contributions adequately. Discussions with Project Director revealed that the consortium is aware of the specific details and retention of substantiating documentation needed when reporting the in-kind contribution amounts to the Commission however, has not created a method of reporting actual in-kind amounts. During the on-site visit, the institutions and the Project Director were notified that failure to properly report the actual in-kind contribution amount could result in an incorrect match amount being reported to the Commission.

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Program Operations Handbook, 12/6/96, Section 4, pages 22 & 24
Cal-SOAP Program Operations Handbook, 10/01, Section 2, pages 2 - 4

REQUIRED ACTIONS:

The Consortium must create a method of **calculating, tracking and documenting** the **actual in-kind match** amounts provided by the institutions that is subsequently reported to the Commission. If it appears reasonable, the institutions may use a time study where all in-kind costs tracked for a reasonable period or periods of time and extrapolated over a year to determine their actual in-kind match for the award year. In response to this finding, please provide an example of an in-kind contribution by an institution that includes the method in which the amount was determined.

FINDINGS AND REQUIRED ACTIONS (continued)

CONSORTIUM RESPONSE:

For the 2004-05 fiscal year, the San Francisco Consortium has developed a revised method of calculating, tracking and documenting the actual in-kind match amount supplied by the consortium members. The SF Cal-SOAP administrative staff (project director, associated director and program assistant) will train the consortium members on how to accurately document in-kind match amounts. An orientation is tentatively scheduled for the Fall consortium meeting (estimated in September). On a quarterly basis, the SF Cal-SOAP administrative staff will work directly with the consortium members to document and collect the in-kind match information. Templates will be provided to simplify the process. Follow-up contacts will be conducted via meetings, emails or phone calls to provide hands-on assistance with completing the forms. Information collected from these forms will be documented in quarterly and year-end reports and submitted via the Cal-SOAP database. Hard copies are available at the SF Cal-SOAP office.

AUDITORS REPLY:

The consortium's action is deemed acceptable.

C. COMPLETION OF REPORTS:

FINDING 3: Actual In-Kind Amounts Not Reported on Year End Reports

A review of the consortium's Year End Expenditure Report, accounting records and discussions with staff revealed that actual amount of in-kind contribution amounts from the consortium members were not reported to the Commission at year end.

DISCUSSION:

The California Student Aid Commission has the primary fiscal responsibility of maintaining, on behalf of the state, fiscal and programmatic accountability in all phases of the program.

The consortium is responsible for the accurate completion and timely submission of required reports. The consortium is responsible for reporting any subsequent inaccurate information found on the report.

At year end, the consortium must report to the Commission a year-end report package consisting of the Matching Resource Summary. It is imperative that the correct in-kind amounts are documented and reported to the Commission as the program is required to match state funding on at least a 1 to 1 ratio.

FINDINGS AND REQUIRED ACTIONS (continued)

A review of the consortium's Year End Expenditure Report, Reimbursement Request – Budget Reports, and discussions with consortium staff revealed that actual in-kind amounts were not reported to the Commission at year end.

Consortium staff indicated that the actual amounts reported were the same (estimated) amounts reported during the reapplication process at the beginning of the award year. Although, the consortium did not document or report the final in-kind amounts, the consortium did comply with the 1 to 1 ratio requirement via interviews with contributors.

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Program Operations Handbook, 12/6/96, Section 4, pages 22 & 24
Cal-SOAP Program Operations Handbook, 10/01, Section 2, pages 2 - 4

REQUIRED ACTION:

San Francisco consortium is required to submit internal control measures that will be implemented to ensure that the consortium is reporting the actual in-kind contribution amounts on the year end reports sent to the Commission.

CONSORTIUM RESPONSE:

The SF Cal-SOAP Consortium has developed the following internal control measures to ensure that actual in-kind contribution amounts will be reported on quarterly budget and year-end reports. These measures include:

- On a quarterly basis, the SF Cal-SOAP administrative staff (project director, associate director and program assistant) will monitor matching funds from all its entities. This includes: 1) in-kind services rendered by consortium members, and 2) grant awards from foundations.
- The SF Cal-SOAP administrative staff will discuss discrepancies and make appropriate corrections in consultation with the respective consortium member.
- The Consortium Chair will reinforce the importance of completing the in-kind forms at the Fall (estimated September) and Spring (estimated March) meetings.
- The project director will be responsible for ensuring that Form A's will be completed and submitted by all consortium members.

AUDITORS REPLY:

The consortium's action is deemed acceptable.

FINDINGS AND REQUIRED ACTIONS (continued)

C. COMPLETION OF REPORTS:

FINDING 4: Equipment Not Reported and Accounted on Commission's "Equipment Inventory Report"

A review of the consortium's accounting documentation, Equipment Inventory Report and discussions with consortium staff revealed that the purchase of a cellular telephone was not properly identified and reported to the Commission.

DISCUSSION:

According to the Cal-SOAP Agreement, "Equipment by definition under this agreement includes major and minor equipment as specified and identified in the California State Administrative Manual sections 8600-8672. Equipment items to be purchased using state funds under the terms of this agreement shall be identified with an appropriate identification tag and the brand name, cost, date of purchase, identification/serial number, etc., listed on an Equipment Inventory Report. This report must be provided to the State Contract Manager and updated whenever additional equipment is purchased or equipment is disposed of in accordance with procedures established by the State Contract Manager. No equipment budget line will be established with a dollar value of less than \$50.

A review of the consortium's program supplies revealed that the consortium purchased a cellular telephone in the amount of \$287.40 during the 2001-01 award year. However, an examination of the consortium's Equipment Inventory Report revealed that the consortium failed to properly tag and report the Cellular telephone to the Commission as required.

REFERENCES:

Cal-SOAP Agreement, G-O1-013
San Francisco Consortium's Equipment Inventory Report

REQUIRED ACTION:

The consortium is required to properly report and obtain an identification tag for the Cellular telephone. Additionally, the consortium is required to submit written procedures that will be implemented to ensure all equipment purchased with Cal-SOAP funds over \$50 is properly reported and identified.

CONSORTIUM RESPONSE:

For clarification purposes, the equipment in question is a desktop telephone set (NORSTAR T7208 model), not a cellular telephone. This equipment was included on the 2000-01 Equipment Inventory Report (State ill. Tag Number 16412) instead of the 2001-02 Equipment Inventory Report. As of December 2003, the San Francisco Cal-SOAP Consortium submitted an equipment

FINDINGS AND REQUIRED ACTIONS (continued)

inventory report for the 2002-03 program year and has identified all equipment on this report with appropriate State of California Student Aid Commission tags.

For all new equipment purchased with state funds, the San Francisco Cal-SOAP Consortium will request identification tags when submitting an Equipment Inventory Report. In addition, this information will be entered into the Cal-SOAP database that is electronically submitted as part of the year-end reporting. Finally, the San Francisco Consortium will comply with the requirements defined in its annual agreement and the draft copy of the Cal-SOAP Policies and Requirements Manual pertaining to equipment purchases - Chapter III, Section 6. These procedures will be included in the SF Cal-SOAP Operational Manual.

AUDITORS REPLY:

The consortium's action is deemed acceptable.

E. ADMINISTRATIVE AND ACCOUNTING CONTROLS

FINDING 1: Non-Educational Site Visit

A review of the consortium's accounting records and supporting documentation revealed that the consortium expended state funds on non-educational site visit.

DISCUSSIONS:

Cal-SOAP is dedicated to accomplishing the following goals:

- Increase the availability of information to students about postsecondary education opportunities; and
- Raise the achievement levels of students in order to expand the number of high school graduates eligible to pursue postsecondary education

By accepting program funds, the consortium acknowledges that funds are to be expended in accordance with the applicable state and federal rules and regulations, and in accordance with operating principles and procedures developed by the California Student Aid Commission.

A review of accounting documents and discussions with consortium staff revealed that the consortium expended Cal-SOAP funds in the amount of \$1,702.00 for a trip to Marine World Six Flags in Vallejo, California for its Cal-SOAP recipients. Although, Cal-SOAP projects are encouraged to organize visits to college campuses, an amusement park visit does not conform to the Cal-SOAP mission. Thus, \$1,702.00 is deemed ineligible.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

Cal-SOAP Operations Handbook, 10/01, Section 2, pages 2 to 4
San Francisco Cal-SOAP Annual Program Plan 2001-02, College Visitations

REQUIRED ACTION:

San Francisco Consortium must pay the ineligible funds of **\$1,702.00**. Please submit payment as directed in the general repayment instructions located at the conclusion of this report.

In addition, the Consortium must provide policies and procedures to ensure that Cal-SOAP funds are expended based upon the vision and mission of the Cal-SOAP program.

CONSORTIUM RESPONSE #1:

The San Francisco Cal-SOAP Consortium disputes the finding that the trip to Marine World was an ineligible expense in 2001-02, and the reimbursement of \$1,702 expended for the trip should not be required. This retroactive finding is based on a policy that was only communicated in the contract agreement as of 2003-04.

Since the Cal-SOAP Agreement did not specify policies regarding 'recreational trips' for students for the 2001-02 fiscal year, the San Francisco Cal-SOAP staff provided this service with the intent of exposing students to an activity that is not usually available to a low-income student population. Recreation is a common youth development practice, which in this case was planned as a year-end relationship/team-building activity for the students. When the policy that disallowed any recreational activities was stipulated in the 2003-04 fiscal year agreement, we complied with this requirement and the other requirements listed.

The San Francisco Cal-SOAP Consortium is adhering to the rules and regulations as defined in its 2003-04 Cal-SOAP Agreement and will adhere to the draft copy of the Cal-SOAP Policies and Requirements Manual. To ensure program compliance, the SF Cal-SOAP Chair, project director and staff will review the program's annual agreement for an overview of allowable and unallowable activities and expenses at the beginning of each fiscal year. In addition, a review of the draft copy of the Cal-SOAP Policies and Requirements Manual will be conducted. The project staff will also examine its Annual Program Plan on a quarterly basis in order to guarantee the successful administration of the program.

FINDINGS AND REQUIRED ACTIONS (continued)

AUDITORS REPLY #1:

The goals of Cal-SOAP are to increase the availability of information to qualified students on the existence of postsecondary schooling, and to raise the achievement levels so as to increase the number of high school graduates eligible to pursue postsecondary learning opportunities.

By accepting program funds, the Consortium acknowledges that funds are to be expended in accordance with the applicable state and federal rules and regulations, and in accordance with operating principles and procedures developed by the California Student Aid Commission.

The approved Consortium's 2001-02 Cal-SOAP Project Reapplication stated that the Consortium would focus on the following six activity areas:

- 1) Public relations and marketing – outreach to inform the community about services and activities.
- 2) Information services - dissemination of information to students and parents.
- 3) Educational advisement - educational advising and counseling.
- 4) Practical activities - standardized test preparation workshops, college fairs and tutoring.
- 5) Experiential activities - campus visits, cultural activities and library tours.
- 6) Training and outreach - to build the capacity of community agencies in targeted neighborhoods to provide college access services.

The reapplication is an operational plan developed by the Consortium and approved by the Commission for the specific award year. Any changes in planned activities must be discussed and approved by the Commission prior to implementation.

Based upon the Cal-SOAP law, Cal-SOAP Operations Manual and the Consortium's Reapplication, a "recreational trip" for students utilizing Cal-SOAP funds is not allowable for the following reasons:

- 1) The "recreational trip" does not meet the requirements and intent of the law as defined in the Education Code 69561(b and c).
- 2) The "recreational trip" is not discussed in the "programs or activities" section noted in the Cal-SOAP Operations Handbook, 10/01, Section 2, pages 3 and 4 or the intent of the program as discussed in the Cal-SOAP Operations Handbook, 10/01, Section 1.5, page 5.
- 3) The "recreational trip" was not discussed or approved in the Consortium's 2001-02 Reapplication.

In addition, at its November 2003 meeting, the Commission's Audit Committee discussed the issue of an audit finding regarding another Cal-SOAP consortium's use of state funds for a visit to an entertainment park. The Committee Chair's response was "I'm not saying it's inappropriate to take

FINDINGS AND REQUIRED ACTIONS (continued)

them, but we shouldn't be paying for that. And you know, you have a partnership with us, you're supposed to match that partnership, and that's your matching funds, not from the Student Aid Commission. I mean, we're really here to provide the core support, and you have to go out and get support from other places." The consortium complied with the audit finding and the expense was considered non-reimbursable from the Commission.

Thus, the finding remains and the San Francisco Consortium must return the ineligible funds of **\$1,702.00** to the Commission. Please submit payment as directed in the general repayment instructions located in the draft report.

In addition, the Consortium must provide policies and procedures to ensure that Cal-SOAP funds are expended based upon the vision and mission of the Cal-SOAP program.

CONSORTIUM RESPONSE #2:

The San Francisco Cal-SOAP Consortium is submitting a payment of \$1,702.00 to the Commission.

To ensure that future Cal-SOAP funds will be expended according to the vision and mission of the Cal-SOAP program, the San Francisco Consortium will:

- Adhere to the requirements and intent of the law as defined in the Cal-SOAP law
- Comply with the operating procedures as stated in the Cal-SOAP Policies and Requirements Manual (*August 2004*)
- Adhere to the rules and regulations as defined in the annual Cal-SOAP Agreement
- Request for approval for changes in program activities as outlined in the annual SF Cal-SOAP program plan

The SF Consortium believes that recreation and cultural events are common youth development practices. We want to continue to expose our students to activities not usually available for the low-income student population. To accomplish this goal, we will use alternative funding sources to pay for these program activities.

AUDITORS REPLY #2:

The consortium returned \$1,702.00 on check # 16713 dated October 4, 2004 and policies and procedures to ensure that Cal-SOAP funds are expended based upon the vision and mission of the Cal-SOAP program. The consortium's action is deemed acceptable.

FINDINGS AND REQUIRED ACTIONS (continued)

E. ADMINISTRATIVE
AND
ACCOUNTING
CONTROLS:

FINDING: Non-Compliance With State Travel and Per Diem Schedule

A review of travel reports, reimbursement request forms, and travel policies revealed that the travel allowances exceed those outlined in the Cal-SOAP Agreement.

DISCUSSION:

As indicated in the 2001-02 Cal-SOAP Agreement, travel shall be reimbursed in accordance with the Travel and Per Diem Schedule as outlined in Attachment 5 of the Agreement. The Travel and Per Diem Schedule is as follows:

- Lodging up to \$84.00 plus tax, with receipt (lodging costs that exceed \$84.00 requires advance approval by the State Contract Manager)
- Breakfast, up to \$6.00
- Lunch, up to \$10.00
- Dinner, up to \$18.00
- Incidentals, to \$6.00
- Mileage, \$0.31 per mile

Furthermore, date and time of departure and return must be indicated on Contractor's invoice in order to establish appropriate per diem rates.

For continuous short-term travel of more than twenty-four (24) hours but less than thirty-one (31) days, the employee will be reimbursed for actual costs up the maximum for each meal, incidental, and lodging expense for each complete twenty-four (24) hours of travel, beginning with the traveler's time of departure and return as follows:

On the first day of travel on a trip of more than twenty-four (24) hours:

- Trip begins at or before 6:00 am Breakfast may be claimed
- Trip begins at or before 11:00am Lunch may be claimed
- Trip begins at or before 5:00pm Dinner may be claimed

On the fractional day of travel at the end of a trip of more than twenty-four (24) hours:

- Trip ends at or after 8:00am Breakfast may be claimed
- Trip ends at or after 2:00pm Lunch may be claimed
- Trip ends at or after 7:00pm Dinner may be claimed

For continuous travel of less than twenty-four (24) hours, the employee will be reimbursed for actual expenses up to the maximum as follows:

- Travel begins at or before 6:00am Breakfast may be claimed
- Travel begins at or before 4:00pm
and ends at or after 7:00pm Dinner may be claimed

FINDINGS AND REQUIRED ACTIONS (continued)

- No lunch or incidentals may be claimed on a trip of less than twenty-four (24) hours.

In addition, meal reimbursements for daily travel of less than 24 hours are taxable and reportable income unless travel requires an overnight stay.

A review of the consortiums policies and procedures, employee reimbursement request forms, and discussions with staff revealed that the consortium abides by the Japanese Community Youth Council's (JCYC) Travel Reimbursement Policy, which exceeds the reimbursement allowances approved by the Commission. For the 2001-02 award year to current, the employee per diem rate is \$36.00 per day as follows:

- Breakfast \$ 9.00
- Lunch \$ 9.00
- Dinner \$18.00
- Total \$36.00

Employee mileage reimbursement is \$.345 cents per mile.

Additionally, a review of the employee reimbursement request forms revealed that the consortium staff did not indicate the time of departure and return of travel on the form. It is imperative that consortium staff indicate such times as it directly relates to the per diem rates.

Any expenses exceeding the Travel and Per Diem Schedule as outline in the Cal-SOAP Agreement are not reimbursable from Cal-SOAP funds.

REFERENCES:

Cal-SOAP Agreement (G-01-013), Section 6.D., page 4
Cal-SOAP Agreement (G-01-013), Attachment 5

REQUIRED ACTIONS:

San Francisco Consortium is required to submit policies and procedures that will be implemented to ensure compliance with the Travel and Per Diem Schedule as outlined in the Cal-SOAP Agreement.

CONSORTIUM RESPONSE:

The San Francisco Cal-SOAP Consortium will adhere to the 'Travel Guidelines' in accordance with the reimbursable travel, lodging and per diem rates defined in the Cal-SOAP agreement. To ensure program compliance, the SF Cal-SOAP project director will check these rates prior to the start of each fiscal year by visiting the website of the California Code of Regulations,

FINDINGS AND REQUIRED ACTIONS (continued)

<http://www.calregs.com> (Title 2, Division 1, Chapter 3, Subchapter 1, Article 2., DPA Rule 599.619 and Rule 599.631). The program's travel reimbursement form will include the date and time of travel as it relates to required per diem rates. Reimbursements for travel that exceed the above regulations will be reimbursed from alternative funding sources. The 'Travel Guidelines' and required procedures will be included in the SF Cal-SOAP Operational Manual.

AUDITORS REPLY:

The consortium's action is deemed acceptable.

OBSERVATION AND RECOMMENDATION

G. OBSERVATIONS AND RECOMMENDATIONS:

The following are observations and recommendations based upon our review of the consortium's policies and procedures and the condition of the consortium's records.

OBSERVATION 1: Water Services Provided for Cal-SOAP Staff

A review of the consortium's Ledger Report for Fiscal Year Ending June 30, 2002 revealed that the consortium expended Cal-SOAP funds on monthly water services for its employees totaling \$466.42 during the 2001-02 award year as follows:

Account Code	Account Description	Date	Amount
030.22.00.7892.000	Supplies-Office	10/29/01	\$ 38.56
030.22.00.7892.000	Supplies-Office	12/31/01	129.52
030.22.00.7893.000	Supplies-Program	8/31/01	68.06
030.22.00.7893.000	Supplies-Program	9/30/01	50.06
030.22.00.7893.000	Supplies-Program	11/30/01	144.42
030.22.00.7893.000	Supplies-Program	6/30/02	38.70
TOTAL			\$466.32

The purchase of water service for the employees does not meet the objective and/or the mission of the Cal-SOAP program.

RECOMMENDATION:

The intent of the Cal-SOAP program is to increase the availability of information on the existence of postsecondary education and to raise the achievement levels of Cal-SOAP eligible students. With the limited amount of Cal-SOAP funds the purchase of water for Consortium staff is not directly related to student activities is questionable. In the new contract for the 2003- 04 fiscal year the Commission has restricted the purchase of food (water) to Cal-SOAP eligible students at Cal-SOAP functions. Cal-SOAP funds may not be used to purchase food or beverages for staff.

CONSORTIUM RESPONSE:

For the 2003-04 fiscal year, the SF Consortium only used funds to purchase food and beverages for its program students. Food and/or beverages used for appropriate staff activities were purchased with non-state funds.